

IAB-Colloquium

zur Arbeitsmarkt- und Berufsforschung

Us and them: Distributional preferences in small and large groups

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We analyze distributional preferences in situations with concentrated benefits and dispersed costs in an experimental setting. A decider chooses the provision of a good that benefits a receiver, but also creates costs for a group of payers. This mirrors many decisions in public and health economics, for example a physician's choice of a treatment that benefits the patient, but is paid for by the insurees. A politician has to weigh the benefits of a policy for a special interest group against the costs created for the general public. We find that, while most subjects exhibit non-selfish behavior, they become unresponsive to increasing costs of provision when these costs are dispersed among more individuals. This result holds regardless of whether the decider benefits from the provision or not. A CES utility function that rationalizes our results implies altruistic choices in bilateral situations (like charity donations) and welfare-damaging behavior when the costs of an action are dispersed (like tax evasion).

Donnerstag, 2. Mai 2013

10:00 Uhr

Sitzungssaal 126a